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FM AMEMBASSY JAKARTA
TO RUEHC/SECSTATE WASHDC 3830
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS
RUEHBY/AMEMBASSY CANBERRA 0529
RUEHPB/AMEMBASSY PORT MORESBY 3313
RUEHWL/AMEMBASSY WELLINGTON 1389
RHEHNSC/NSC WASHDC
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C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 000726

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E.O. 12958: DECL: 03/13/2017
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SUBJECT: DAS JOHN'S MEETING WITH DIRECTOR GENERAL FOR
DEFENSE STRATEGY DADI SUSANTO

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Classified By: Political Officer Daniel Turnbull, reasons: 1.4 (b) and (d).

11. (C) SUMMARY: Director General for Defense Strategy BG Dadi Susanto told EAP DAS Eric John March 7 that defense spending was still below the Indonesian military's (TNI) needs but was the government's second-highest priority after education; that the TNI was satisfied with the pace of military-to-military cooperation with the U.S. and wanted to return to a "fully normal" relationship; that maritime security was Indonesia's top priority; and that Indonesia was insisting on asserting its legal jurisdiction over visiting soldiers in its draft Defense Cooperation Agreement with Singapore. He said Indonesia wanted to be a "winner" by upholding democracy, economic growth, environmental protection and good governance. DAS John emphasized that it was important to maintain a flow of good news and substantive progress on TNI reform; that Indonesia should consider what role it might play in Iraq; that the U.S. Congress and the Administration would continue to pay close attention to Papua, and would seek to work with Jakarta to improve the welfare of the people of Papua. End Summary.

12. (C) Susanto said the Defense Resource Management Study (DRMS) process was moving ahead under the Director General for Defense Planning RADM Yuendi. The Indonesian military's resources remained limited and below the minimum necessary, excluding purchases of new equipment. DEPHAN had requested \$7.8 billion for 2007 and had received less than \$3.3 billion. This was up only slightly from the \$2.8 billion received in 2006. Education was the government's number-one priority, but defense was just behind as number two.

13. (C) Emphasizing the TNI continued to make progress on reform, Susanto cited President Yudhoyono's recent decision to allow soldiers to be tried in civilian courts for non-military offenses. Several laws and judicial codes needed to be revised in the process, but the issue had in principle been decided. DAS John said Indonesia had made much progress in the past three years, but it was important that the good news on TNI reform continue. In particular, Indonesia needed to heed U.S. concerns about the promotion of officers who had committed past human rights violations.

14. (C) Susanto responded that Indonesia wanted to get back to a "fully normal" relationship with the U.S.. The perception of the U.S. within the TNI had improved since the December 2004 tsunami while the general perception among the

predominantly Muslim public lagged behind. Washington could improve this perception by relying more on the use of "soft power." It should learn more about Islam and become more sensitive to its customs, expectations and sensitivities. Susanto said the TNI rank and file felt bilateral cooperation was developing "fast enough" and welcomed the extensive menu of activities and exchanges. The TNI would be able to "do more for itself" in this cooperation as budgetary resources improved.

15. (C) On Papua, DAS John said that both the Administration and the new Congressional leadership were interested in working with the GOI to improve the welfare of the Papuan people. Susanto noted that "lots of money" was now flowing to Papua. DAS John responded that it was also important to improve local government and the distribution of central government resources and services. Susanto said the GOI was committed to improving the Papuan people's welfare and cited the government's "5K" program of tackling poverty, lack of education, underdevelopment, isolation and health problems. The TNI's troops in Papua were mostly organic, with some Kopassus troops and some external units along the border. Troop levels were modest, since the public numbers usually included administrative staff as well.

16. (C) Susanto said the TNI's "territorial system," which had been in the process of dissolution, had been "reactivated" after the second Bali bombing to help the police combat terrorism. The NCOs present at the lower levels of this system had only one role, however, which was intelligence collection. They had proven effective in this role, tipping off authorities to non-Indonesian terrorists hiding in a mosque in one case, for instance. Being permanently resident in the local communities, the NCOs were able to detect in local residents' daily behavior evidence pointing to non-local elements. This program had been so successful that

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terrorists were no longer staying in the villages, he claimed.

17. (C) Indonesia's top priority for further bilateral cooperation, Susanto said, was maritime security. This was vital to Indonesia's efforts to control illegal logging, mining and fishing. Another priority was human rights training and inculcation of humanitarian precepts in TNI thinking. Indonesia was cooperating on this with Germany, Norway and other countries. The TNI's relationship with the Indonesian National Police (INP) was satisfactory, although an institutional rivalry was natural, given the INP's recent separation from the TNI.

18. (C) As neighbors, Susanto said, Indonesia and Singapore had to cooperate on defense. The two sides had reached agreement on 13 of its 17 sections of a draft Defense Cooperation Agreement, which he was co-chairing. Still in dispute was the question of which country's jurisdiction should prevail over for Singaporean troops on Indonesian soil. Indonesia insisted that Indonesian law should prevail.

19. (C) DAS John noted that the annual Cobra Gold regional military exercise in Thailand would proceed in 2007 and welcomed the GOI's participation. Susanto drew a contrast between the domestic situations in Thailand and Indonesia, stating that Indonesia wanted to be a "winner" and understood this could come only by Indonesia's pursuing democracy, economic reform, environmental protection and good government. These would all take time, however; Indonesia would not change overnight.

110. (U) This message has been cleared with DAS John.
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